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October 8, 1997

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W. - Room 222
Washington, DC 20554

**RE: Second Revised Refund Plan for Expanded Interconnection Through
Physical Collocation - CC Docket No. 93-162**

Dear Mr. Caton,

GTE Service Corporation, on behalf of GTE Southwest, Inc. (Texas), submits the accompanying revision to its proposed refund plan in compliance with the Commission's Second Report and Order, *In the Matter of Local Exchange Carrier's Rates, Terms and Conditions for Expanded Interconnection Through Physical Collocation for Special Access and Switched Transport*, CC Docket No. 93-162, FCC 97-208, released June 13, 1997 ("Second R&O").

This revision reflects the use of the lowest permitted overhead loading factors, Security Installation and DC Power direct cost disallowances, and adjustments to the Building Modification Charge (see attachments). Support for the interest calculation is also attached.

Please call me at (202) 463-5293 if there are any questions concerning this filing.

Sincerely,

W. Scott Randolph
Director - Regulatory Matters

Attachment

c: Jim Schlichting
Richard Kwiatkowski
ITS

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APPENDIX D: LECs' Comparable DS1 and DS3 Service Lowest Overhead Loading Factors

GTE Analysis:

	Rate per Unit (A)	Direct Unit Cost (B)	Rate per Unit / Direct Cost C=(A/B)	Overhead Recovery D=(A-B)	% Overhead Recovery E=(D/B)
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Texas - Comparable DS1 & DS3 Services

1 DS1 Sal

1st system, 5 yr OPP	\$175.00	\$129.85	134.77%	\$45.15	34.77%
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1 DS3 x 24 system SAL

Electrical - 7 yr	\$7,800.00	\$5,359.63	145.53%	\$2,440.37	45.53%
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Combined factor (average) *	\$7,975.00	\$5,489.48	145.28%	\$2,485.52	45.28%
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Note *: Combined factor used in comparison with collocation rate elements that are not specific to a DS1 or DS3 service.

Analysis of rate elements that exceed combined factor:

Texas - Collocation Rate Elements - Plano Main

Monthly recurring cost support:

						Overhead Factor [if (E) > (F)] (F)	Revised Rate Calculation G=C*(1+F)	Monthly Reduction Amount H=(G-A)
Partition Space- per 100 sqft	\$358.00	\$222.00	161.26%	\$136.00	61.26%	34.77%	\$299.19	(\$58.81)
dc Power - per 100 sqft								
material/labor costs	\$439.06	\$439.06						
utility expense	\$290.00	\$290.00						
total dc Power	\$729.06	\$729.06	100.00%	\$0.00	0.00%			n/a
Cable Space	\$15.55	\$9.80	158.67%	\$5.75	58.67%	34.77%	\$13.21	(\$2.34)
DS1 Cross-Connect	\$2.85	\$2.33	122.32%	\$0.52	22.32%			n/a
DS3 Cross-Connect	\$25.20	\$20.57	122.51%	\$4.63	22.51%			n/a

Non-recurring cost support

Engineering Fee	\$7,817.00	\$7,817.00	100.00%	\$0.00	0.00%			n/a
Building Modification	\$22,066.00	\$22,066.00	100.00%	\$0.00	0.00%			n/a
Office Arrangement	\$6,549.00	\$6,549.00	100.00%	\$0.00	0.00%			n/a
Cable Pull	\$1,027.00	\$1,027.00	100.00%	\$0.00	0.00%			n/a

Total Monthly Reduction Amount:

(\$61.15)

Security Installation Direct Cost Disallowance:

Nonrecurring Cost	\$17,151.91
Disallowance per unit	\$3,412.16
Allowable per Unit Cost	\$13,739.75
Total Disallowance per month	\$74.61
Refund impact:	\$0.00

No refund required for Security Installation non-recurring charges because the billing and cost occurrence of the activity was prior to December 15, 1994.

DC Power Direct Cost Disallowance:

		Disallow per Unit cost	allowable per Unit cost	Note:
DC Power Installation-nrc (office arrangement)	\$5,532.00	\$886.17	\$4,645.83	no refund
DC Power Installation-rec (office arrangement)	\$3.75	\$0.60	\$3.15	
DC Power Installation-rec	\$2.90	\$0.46	\$2.44	
Refund impact (per unit)		\$1.06		
Number of units		100		
Monthly Refund Impact		\$106.00		
Number of months in service		7.5		
Total Refund for power		\$795.00		

There is no refund required for DC Power Installation Non-recurring Office Arrangement charges because the billing and cost occurrence of the activity was prior to December 15, 1994.

Building Modification - Plano Main, Texas

	Orig Cost	Allowable Cost
1 Material Cost	\$11,700.00	\$9,069.91
2 Contract Labor Cost	\$6,024.00	\$4,669.84
	\$17,724.00	\$13,739.75
Annual Recurring Expenses:		
3 Depreciation	\$590.80	\$457.98
4 Return	\$999.32	\$774.68
5 Federal State IncomeTax	\$514.75	\$399.04
6 Annual Nonrecoverable Cost	(\$2,016.84)	(\$1,563.46)
7 Maintenance	\$285.36	\$221.21
8 Administration	\$1,806.08	\$1,400.08
9 Other Taxes	\$180.78	\$140.14
10 Total Annual Recurring Expenses	\$2,360.25	\$1,829.67
11 Permissable Overhead		0.3447
12 Non-Recurring Charge		\$13,739.75

Monthly recurring charges	with permissable overhead	
13 - Maintenance (I7 / 12)	\$18.43	\$24.79
14 - Administration (I8 / 12)	\$116.67	\$156.89
15 - Other taxes (property) (I9 / 12)	\$11.68	\$15.70
16 Total (I13 + I14 + I15)	\$146.79	\$197.38
17 # of months in service		7.5
18 Total from monthly charges (I17 * I16)		\$1,480.37
19 Total charges due from customer (I18 + I12)		\$15,220.12
20 NRC applied to cust		\$22,066.00
21 Total amount to be refunded (20 - I19)		\$6,845.88

CALCULATING SIMPLE INTEREST FOR REFUND AMOUNT

Interest based time period beginning Dec 15, 1994 through October 15, 1997
 Monthly interest calculated on an average yearly rate of 8.00% - (8.00% / 12)

	Amount	Months unt 10/15/97	monthly interest	amount with interest
Dec 94 *	\$6,845.88	35	0.6667%	\$1,597.37
Dec 94 **	\$83.58	35	0.6667%	\$19.50
Jan 95 ***	\$167.15	34	0.6667%	\$37.89
Feb 95	\$167.15	33	0.6667%	\$36.77
Mar 95	\$167.15	32	0.6667%	\$35.66
Apr, 95	\$167.15	31	0.6667%	\$34.54
May, 95	\$167.15	30	0.6667%	\$33.43
Jun, 95	\$167.15	29	0.6667%	\$32.32
Jul, 95	\$167.15	28	0.6667%	\$31.20
Total	\$8,099.50			\$1,858.68

* NRC charge above allowable amount (based on building modification rate element)

** 1/2 of monthly recurring charge (based on power and overhead loadings)

*** 1 month recurring charge

Total amount to be re-imbursed \$9,958.18

Refund Analysis:

Monthly refund based on analysis of Overhead loadings	\$61.15
Monthly refund based on analysis of DC power	\$106.00
Refund for 7.5 months in service	\$1,253.63
Refund due to pricing future monthly recurring charges as an NRC	\$6,845.88
Refund due to interest	\$1,858.68
Total refund	\$9,958.18

October 7, 1997

FCC Interest Rate:

The following sheet shows the FCC Interest Rate from January 1992 through Mar 1997. The handwritten 8% rate for the 1st quarter of 1997 was acquired verbally from a Ms. Connor with the IRS.

The average interest rate from December 1994 through March of 1997 is 8%. This is the interest rate that was used to determine the refund to MFS based on the FCC Second Report and Order Released June 13, 1997.

Federal Communications Commission

FCC 96-466

Effective Period	Rate	Internal Revenue Service Citation
01/01/92 - 03/31/92	8%	Rev. Rul. 91-65, 1991-51 I.R.B. 1
04/01/92 - 06/30/92	7%	Rev. Rul. 92-21, 1992-14 I.R.B. 14
07/01/92 - 09/30/92	7%	Rev. Rul. 92-44, 1992-24 I.R.B. 86
10/01/92 - 12/31/92	6%	Rev. Rul. 92-77, 1992-38 I.R.B. 12
01/01/93 - 03/31/93	6%	Rev. Rul. 92-110, 1992-52 I.R.B. 15
04/01/93 - 06/30/93	6%	Rev. Rul. 93-24, 1993-14 I.R.B. 5
07/01/93 - 09/30/93	6%	Rev. Rul. 93-40, 1993-23 I.R.B. 9
10/01/93 - 12/31/93	6%	Rev. Rul. 93-63, 1993-30 I.R.B. 40
01/01/94 - 03/31/94	6%	Rev. Rul. 93-94, 1993-42 I.R.B. 42
04/01/94 - 06/30/94	6%	Rev. Rul. 94-21, 1994-14 I.R.B. 14
07/01/94 - 09/30/94	7%	Rev. Rul. 94-39, 1994-26 I.R.B. 9
10/01/94 - 12/31/94	8%	Rev. Rul. 94-58, 1994-39 I.R.B. 6
01/01/95 - 03/31/95	8%	Rev. Rul. 95-15, 1995-9 I.R.B. 9
04/01/95 - 06/30/95	9%	Rev. Rul. 95-33, 1995-33 I.R.B. 17
07/01/95 - 09/30/95	8%	Rev. Rul. 95-46, 1995-26 I.R.B. 6
10/01/95 - 12/31/95	8%	Rev. Rul. 95-59, 1995-35 I.R.B. 10
01/01/96 - 03/31/96	8%	Rev. Rul. 95-78, 1995-49 I.R.B. 6
04/01/96 - 06/30/96	7%	Rev. Rul. 96-17, 1996-13 I.R.B. 5
07/01/96 - 09/30/96	8%	Rev. Rul. 96-28, 1996-24 I.R.B. 11
10/01/96 - 12/31/96	8%	Rev. Rul. 96-44, 1996-38 I.R.B. 4
01/01/97 - 03/31/97	8%	Rev. Rul. 96-44, 1996-38 I.R.B. 4

Per M.J. Cinner, D/IRS 1/21/97
(214) 742-2446